

17 Aug 2020

Buy only when price collapses

Market performance

The VNIndex increased slightly, but the safe zone for buyers has been provided.

Chart: Traders are bullish, but investors are not

In the long-term, the uptrend is still inactive due to the downward sloping MA200. Notably, MA20 and MA50 rejected to compress with MA200 → investors still selling.

However, as the most important retracement level – 50% was reached, the market is traded in the balance stage between supply and demand. Notably, the followed Island reversal pattern has tipped the Index's upward move.

780 pts zone plays as a significant support level; the bear will completely control the market if this zone is broken. On the upside, 860 pts set the medium-term resistance.

→ In the short-term, consolidation phase will take place due to the separation between major MAs.

Technical strategy: Buy only when price collapses

As mentioned above, the positive reaction at 50% retracement level has increased the probability for the upward move. However, the upward resumption will be paused and replaced by the consolidation/sudden collapse in price this week. Thus, investors should use this opportunity for re-entering the market.

Figure 1. Daily candlestick chart - VNIndex



Source: Fiinpro, AmiBroker, KIS

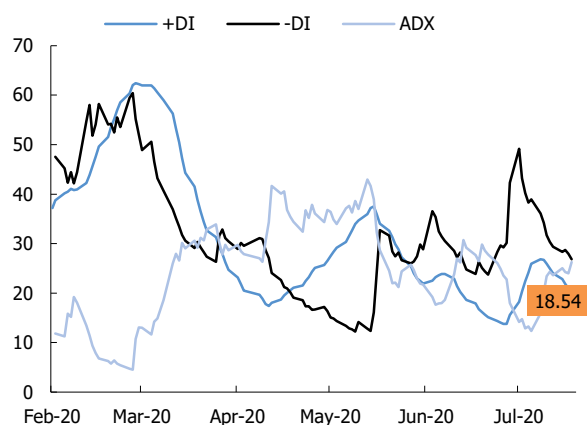
Table 1. Index statistics

Close (pts)	850
1w change (%)	1.0
1w avg. daily vol.	234,762,630
52-week range (pts)	649-1029
Mkt cap (VND Tri.)	2,916
PER (x)	14.2
PBR (x)	1.9

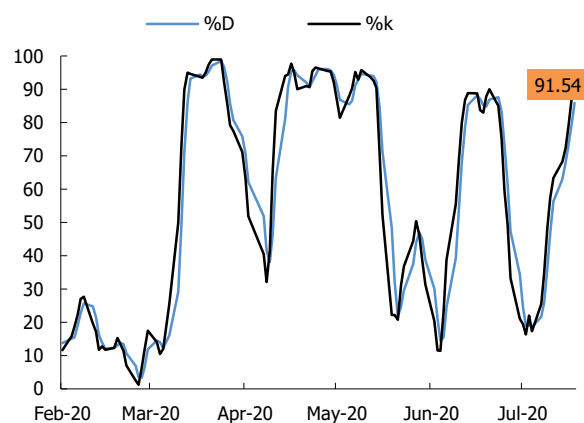
Source: Bloomberg

Dang Le

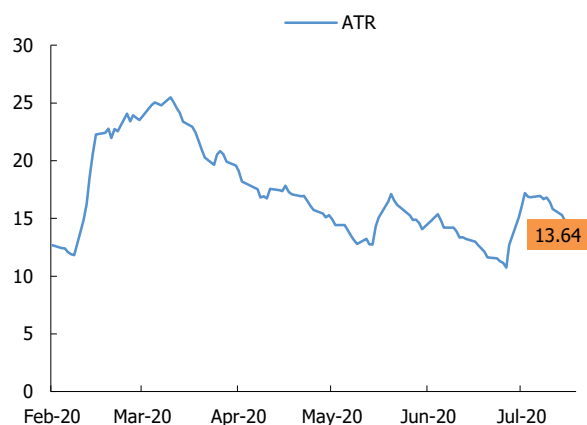
Dang.lh@kisvn.vn

Figure 2. Directional movement indicator - VNIndex

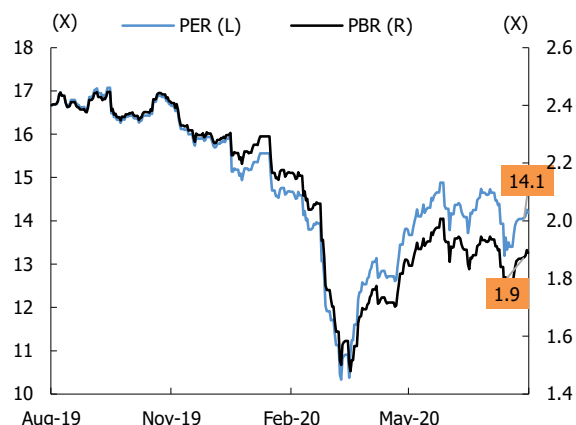
Source: Fiinpro, AmiBroker, KIS

Figure 3. Momentum indicators (Stochastic) - VNIndex

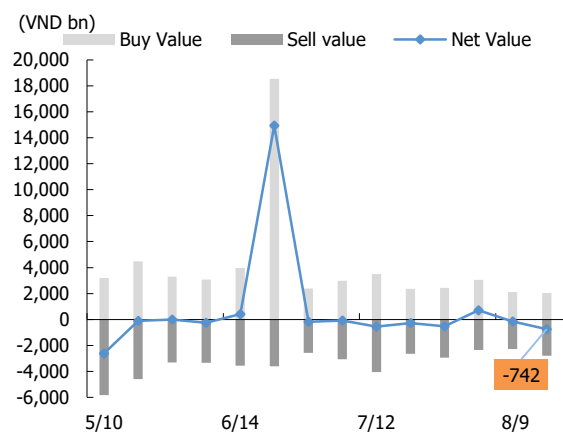
Source: Fiinpro, AmiBroker, KIS

Figure 4. Volatility indicators (ART) - VNIndex

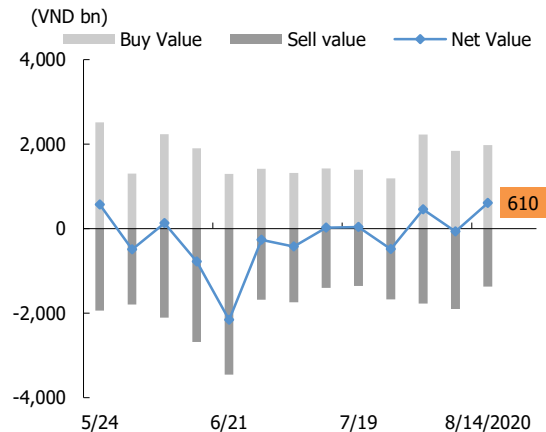
Source: Fiinpro, AmiBroker, KIS

Figure 5. PE and PB - VNIndex

Source: KIS, Bloomberg

Figure 6. Weekly foreign net buy / sell

Source: Fiinpro, KIS

Figure 7. Weekly domestic institution net buy / sell

Source: Fiinpro, KIS

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